ORIGIN/ACTION		
E-4		
RM/R 1	REP 1	AF
ARA	EUR 3	FE 4
NEA	CU	INR 5
E	P	IO
L 2	FBO	AID 11
AGR	COM 10	FRB 3
INT	LAB	TAR
TR 2	XMB	AIR
ARMY	CIA 10	NAVY
OSD	USIA	NSA 3

DEPARTMENT OF STATE

AIRGRAM

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HANDLING INDICATOR

TO : The American Embassy TOKYO.

FROM : Department of State

DATE: AUG 20 3 09 PM '62

SUBJECT: Comparability of U.S.-Japan FCN Treaty with U.S. FCN Treaties with Other States.

REF : Your 452, August 16, 1962.

The Department is unaware of any basic differences between the investment provisions in the U.S.-Japan FCN treaty and those in similar treaties with Italy, Germany, Netherlands, Denmark, Israel, France, Belgium, Luxembourg, Greece, Nicaragua and Korea. The basic principles in all are (a) national treatment with respect to entry into the general run of commercial and industrial activities, (b) nondiscriminatory treatment of all established enterprises regardless of field, and (c) reasonable provision for withdrawal of earnings and transfer of capital when exchange controls are found necessary. The expression of these principles varies somewhat from treaty to treaty (the national treatment formula with respect to business activities in the treaties with Italy, Denmark, and Greece, for example, following different lines from that in other treaties) and there are minor negotiated differences, but the main substance is the same.

The articles in the treaties with the countries mentioned above that correspond to Articles VII and XII of the treaty with Japan are as follows: Italy, I, II, III, XVII, and I, III and IV of the Supplementary Agreement of 1951; Greece, XII, XIII, XV; Israel, VII, XII; Denmark, VII, VIII, XII; Germany, VII, XII; Netherlands, VII, XII; Nicaragua, VII, XII; Korea, VII, XII; France, V, X; Belgium, VI, X; Luxembourg, VI, XI. The treaties with Belgium and Luxembourg have not yet entered into force, but ratification is expected in due course. Two copies each of the listed treaties are enclosed for such use as the Embassy considers appropriate.

The Department has not negotiated treaties of the type here considered with either Great Britain or Canada. Such a treaty with Canada is not practi- because of constitutional obstacles in that country. Negotiations have not been initiated with Great Britain because neither government considers a new treaty essential and because of preoccupation of the Foreign Office treaty

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Drafted by: OIF:CPT:VGSetser:mn 8/17/62

Contents and Classification Approved by: Vernon G. Setser

Clearances: Ei - Mr. Hirabayashi; L/E - Mrs. Gaguine

staff with other pressing negotiations. The legislative and administrative policies of neither Great Britain or Canada vary significantly from the principles expressed in the FCN treaties.

RUSK

Enclosures:

Copies of the above listed treaties.